

NEWS RELEASE



STATE OF ALABAMA
Department of Industrial Relations
News For Immediate Release
Contact: Ron Macksoud, 334-242-8616

SENATE PASSAGE OF HB 83 VITAL FOR ALABAMA EMPLOYERS

MONTGOMERY, ALABAMA, May 29, 2007 Alabama employers could see a radical increase in FUTA (Federal Unemployment Tax Act) taxes if the Alabama Senate fails to pass House Bill (HB) 83.

HB 83 is legislation required by the U.S. Department of Labor (USDOL) to make a technical correction to SUTA (State Unemployment Tax Act) Dumping legislation passed in 2005. Congress also passed a SUTA Dumping bill in 2005 and required each state to pass legislation conforming their law to the federal law.

“After the original Alabama bill was passed in 2005, the USDOL informed the Alabama Department of Industrial Relations that a technical correction was needed to conform the state law to federal law,” says Phyllis Kennedy, Industrial Relations director. “Failure to pass the corrective legislation would give USDOL the authority to remove a substantial tax credit currently in place for Alabama employers.”

According to Kennedy, elimination of the 5.4 percent tax credit would raise FUTA taxes from the current rate of .8 percent of the first \$7,000 of wages to 6.2 percent of the first \$7,000 of wages. Kennedy says taxes would increase to \$434 per employee, rather than the current rate of \$56 per employee.

HB 83 was passed by the House of Representatives on April 10 and received a second reading in the Senate on May 24. The bill is currently awaiting a vote by the full Senate.

#

Industrial Relations is an umbrella organization of State government which administers: the State Employment Service, Unemployment Insurance, Workers' Compensation, and Labor Market Information. Smaller programs also administered include Abandoned Mine Land Reclamation, Mine Safety and Inspection, and Surface Mining of Non-Fuel Minerals. For more information on Industrial Relations, visit the Web site: <http://dir.alabama.gov/>.